



Michigan Department of Labor & Economic Growth  
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)  
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## OBJECTION TO RENEWAL OR REVOCATION OF A LICENSE For Local Units of Government

Local units of government have the right to **object to the renewal of an on-premises license**, and also may request that the MLCC **revoke an on-premises license**. Local governments may request that the MLCC **revoke an off-premises license**, but **may not object to renewal of an off-premises license**. These rights are accompanied by very specific requirements that have evolved based on court decisions.

### Objection to Renewal & Revocation

#### What licenses are subject to these actions?

Because local units of government are required to approve public on-premises licenses, they may also object to renewal or request revocation of Class C, A-Hotel, B-Hotel, Tavern, Class C Resort, A-Hotel Resort, B-Hotel Resort, Tavern Resort, Micro Brewer licenses (MCL 436.1501(2)).

Local governments may also request revocation of off-premises SDD and SDM licenses in their jurisdiction when: (1) the Commission has determined that the licensee has violated the Liquor Control Code by selling or furnishing alcohol to a person under 21 years of age on at least three occasions within a calendar year, and (2) those violations did not involve the use of false or fraudulent identification by the person under 21 years of age (MCL 436.1501(3)).

If a local unit of government objects to renewal or requests revocation of an on-premises retail license, and the licensee also has an off-premises SDM license, the Commission will also hold a show cause hearing to determine if there is any reason that the SDM license should not be renewed or revoked at the same time because the business no longer meets the licensing qualification requirements.

Local governments may also request revocation of permits held in conjunction with an on premises license but must follow the rules of due process as outlined below.

#### Due Process

Regardless of whether the local unit of government wishes to object to a renewal or request revocation of a license or permit, the licensee is entitled to due process. In **Bundo v City of Walled Lake** (395 Michigan 679 [1976]), the Michigan Supreme Court held that the liquor licensee has a property interest in the license and, therefore, is entitled to due process protection.

The procedural safeguards that the courts deemed necessary regarding a decision by the local body to object to renewal of a license consist of **rudimentary due process**. Courts have said this includes notice to the licensee of the proposed action and the reasons for the action, a hearing at which the licensee may present evidence, testify, and confront adverse witnesses, and a written statement of the findings. In **Roseland Inn, Inc. v Robert D. McClain and Township of Blackman and Liquor Control Commission** (118 Michigan App [1982]), the

Court of Appeals held that a lack of standards and fair notification of the standards violates a licensee's right to due process. Therefore, local units of government should consider the following guidelines and standards when pursuing an objection to renewal or a request for revocation of a liquor license:

## **Guidelines and Standards**

Guidelines - The local governmental unit must establish standards or guidelines stating what conditions will constitute a basis for requesting non-renewal or revocation of a license.

Notification of Guidelines - The local governmental unit must notify licensees of the guidelines and any subsequent changes.

Notification of Hearing - If the local governmental unit is objecting to renewal or requesting revocation of license, it must give the licensee timely written notice of the hearing, including:

1. Date, time and location of the hearing.
2. The proposed action that the local legislative body is considering taking.
3. The detailed reasons for the proposed action (i.e., citing specific standards or guidelines the licensee has not complied with).
4. The licensee's rights at the hearing, including the opportunity to defend by confronting adverse witnesses and by being allowed to present witnesses, evidence, and arguments.
5. The licensee's right to be represented by an attorney.

Hearing - At the local legislative body hearing, the licensee must be given an effective opportunity to defend by confronting any adverse witnesses and by being permitted to present witnesses, evidence, and arguments.

Resolution and Statement of Findings - After the hearing, the local legislative body must make a written statement of findings and adopt a resolution indicating the specific action requested.

## **Required Documentation**

The local unit of government must send the following documents to the MLCC before the Commission can take any action regarding objection to renewal or revocation of a license:

1. A copy of the **standards or guidelines**, or a description of the guidelines established by the local governmental unit as to what would constitute a basis for objecting to renewal or to revoke the license. Please include the date of adoption and, when published in a newspaper, the paper name and date of publication.
2. A certified copy of the **notice** sent to the licensee.
3. The Commission requires that the local governmental unit provide **proof of service** of the notice sent to the licensee in order to counter any questions as to whether the notice was indeed received by the licensee.
4. A certified copy of the **resolution** adopted by the local governing body objecting to the renewal of the license or requesting that the license be revoked. If a separate statement of

findings is made, then a certified copy of that document must also be included. The resolution should not object to renewal of the license and request that the license be revoked. If such a resolution is received, the Commission will proceed with the objection to renewal only.

Because all retail licenses expire on April 30, if your legislative body is objecting to renewal of a license, the request and all substantiating documents (as outlined above) must be received by the MLCC **no later than March 31 to be in compliance with the law.**

### **Differences between Objecting to Renewal and License Revocation**

**Objecting to Renewal** - When the proper documentation is received, MLCC will stop the renewal of a license. The existing license expires on April 30, preventing the licensee from legally selling alcoholic beverages after that date. The license will remain in escrow for one year, and cannot be placed in operation or transferred to another person or corporation unless the local legislative body adopts a resolution approving the renewal.

After one year, the licensee may request an extension C but the request may or may not be granted by the Commission. If the extension is denied and the licensee does not request a hearing in the matter of denial, the license is permanently canceled. If an extension is granted, the license remains in escrow for another year but cannot be placed in operation or transferred to another person unless the local legislative body adopts a resolution approving renewal.

There is no immediate effect on the local license quota as a result of objecting to renewal as long as the on-premises retail liquor license is held in escrow. It still counts toward the limited number of licenses available in the city, township or village. However, the local unit will not receive the 55% share of the licensing fee that it normally would have received had the license remained active.

Local legislative bodies may adopt a resolution approving the license renewal at any time. The licensee may then renew the license and resume operation.

**Revocation of a License** - A resolution requesting revocation of a retail liquor license may be submitted at any time during the year. When proper documentation is received, the Commission is required by law to hold a hearing to consider the resolution. The local legislative body will be notified of the hearing, and a representative of the body or its legal counsel should attend. The sole purpose of this hearing is to determine if the licensee was afforded rudimentary due process as required by the courts. If it is found that due process was given the licensee, the license is immediately revoked by the MLCC. Revocation is a permanent action, and means that the licensee loses all ownership rights to the license.

The former licensee cannot transfer the revoked license. Also, the former licensee cannot apply for another liquor license for at least two years.

License revocation can also have an effect on the number of licenses available under the quota in the local governmental unit. If the city, township, or village is over the license quota (due to shrinkage in population), then revocation of a license means that one less license is available.

As long as the city is at quota or below, then a new license is available when one is revoked.